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C O N F I D E N T I A L JERUSALEM 001888

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NSC FOR KUMAR, STATE PASS TO OPIC FOR DRUMHELLER, JOINT  
STAFF FOR SELVA

E.O. 12958: DECL: 10/17/2019  
TAGS: [ECON](#) [ECPS](#) [EINV](#) [KPAL](#) [KWBG](#) [IS](#) [PREL](#)  
SUBJECT: WATANIYA QUIETLY BEGINS OPERATIONS, AIMS TO CREATE  
"FACTS ON THE GROUND"

REF: JERUSALEM 1497

Classified By: Consul General Daniel Rubinstein, Reasons 1.4 (b) and (d)  
)

¶1. (C/NF) Summary. According to Wataniya Palestine CEO Allan Richardson (please protect), the second Palestinian mobile telephony operator quietly began operations October 16 on the 3.8MHz already offered by Israeli Authorities. Richardson stressed that 3.8MHz is insufficient for Wataniya's long term commercial needs, and that it will need additional bandwidth as subscribers increase over the coming months. He also commented that, on a technical level, there is nothing stopping Wataniya from using the bandwidth it needs -- beyond the 3.8 MHz -- as the customer base grows. End Summary.

Wataniya Decides to Start  
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¶2. (C) After Wataniya's publicly announced September 15 deadline (reftel) expired without further spectrum offers from the GOI or the legal action threatened by Wataniya's board, Richardson told us that the company decided to prepare for a mid-October launch as if the spectrum would be released. Amidst press reports that the GOI would release spectrum if the PA stopped pursuing action against Israel in multilateral fora, such as the ICC and the Human Rights Council, Wataniya launched an aggressive publicity campaign to attract customers, continued testing its equipment, and issued Wataniya phones to its employees. Wataniya and Jawwal (the existing provider) have aired dueling radio and television ads attempting to portray themselves as the "most Palestinian" company.

¶3. (C) Richardson told Econoff October 15 that Wataniya would begin operations on October 16, despite the GOI's failure to allocate the full 4.8MHz as called for in the July 2008 GOI-PA Frequency Allocation Agreement. He emphasized that there would not be a public announcement, although a public launch might follow at a later date. Richardson estimated that Wataniya currently has 15,000 customers and said that he expects another 10,000 to sign up in the coming week. On a technical level, he said Jawwal customers will be able to connect with Wataniya immediately, and he expects connection agreements with Israeli mobile operators Cellcom and Bezeq to follow in the coming week.

Creating "Facts on the Ground"  
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¶4. (C/NF) Richardson stressed that the 3.8MHz released by the GOI is insufficient for Wataniya's long term needs and its expected subscriber volume. However, he said, that Wataniya

will use the bandwidth it has for now, and, if subscribers rapidly expand beyond 3.8MHz capacity, "technically nothing stands in the way of us using the additional MHz." Richardson said he thought the start of commercial operations would create useful "facts on the ground."

15. (C/NF) Comment: Wataniya's public profile has been under attack in the wake of the Goldstone report, with media reports alleging that President Abbas initially agreed to support deferring consideration of the report in Geneva in exchange for the release of the additional frequency spectrum. The reports inaccurately claim that Abbas's family has a controlling stake in Wataniya. However, the company's close ties to the President's office (his economic advisor is also Chairman of the Board of Wataniya Palestine) pose real political problems for Abbas. Any fanfare surrounding the launch of operations will rebound negatively on him and the PA. End Comment.

RUBINSTEIN